

MOUNTAIN CABLEVISION, INC.**RECEIVED****JUN 21 1993****FCC - MAIL ROOM**145 E. 92 Street (PHA)
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June 17, 1993

RECEIVED**JUN 21 1993**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARYMs. Donna Searcy
Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554Re: Petition for Reconsideration
MM Docket #92-266

Dear Ms. Searcy:

Under the new FCC rate regulation rules, small Independent classic systems could not be built and rural communities throughout the U.S. would be without television!

After days of intensive study of the worksheets with a newly hired accountant and lawyer, it is clear that we will be forced to apply for a "cost of service" hearing. The reasons are apparent if one understands the economics of an Independent operator of a classic system under 3,500 subscribers.

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5. The benchmarks have a built-in bias against expanding channel capacity. For example, we projected the possibility of adding five additional channels in our system but found that the benchmarks would allow us a rate increase of only 9¢ per new channel. However, programming costs would be around 20¢ per channel. Small operators cannot sell enough advertising to make up for the shortfall in programming costs (see attached pro forma).

6. Systems under 3,500 subscribers cannot utilize pay per view for incremental revenue to subsidize programming costs. Pay per view barely works for systems at the 25,000 level. Buy rates, very expensive equipment, manpower costs, high programming splits with the studios make it impossible for the small Independent operator to successfully get into the pay per view business.

Independent classic system operators across the country are being forced into "cost of service" because the benchmarks are fallacious — not because we're outliers! I urge you to exempt Independent operators under the 3,500 level from the rules. If you must retain the 1,000 level because of the Congressional act, then the benchmarks for small Independents (i.e., up to 5,000 subscribers) should be revisited.

We want to continue serving our communities but it is impossible to do so under the current regulations. *Thus, we ASK RECONSIDERATION OF MM DOCKET 92-266.*

Sincerely,

Robert Weisberg, President

RW/elk
cc: see list
Attachments